



MAGELLAN
ASSET MANAGEMENT LIMITED

Magellan High Conviction Fund

Interim Report

For the half year ended 31 December 2021

ABN 20 120 243 491

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Responsible Entity's Report

for the half year ended 31 December 2021

The Directors of Magellan Asset Management Limited (ABN 31 120 593 946) ("MAM"), the Responsible Entity of Magellan High Conviction Fund (the "Fund") present their half year report on the Fund for the period ended 31 December 2021.

1. Directors

The following persons were Directors of MAM during the period and up to the date of this report:

		Appointed	Resigned
Robert Fraser	Chairman	23 April 2014	
John Eales	Non-executive Director	1 July 2017	
Colette Garnsey	Non-executive Director	30 November 2020	
Hamish McLennan	Non-executive Director	1 March 2016	
Kirsten Morton	Interim Chief Executive Officer/Chief Financial Officer ¹	5 October 2018	
Karen Phin	Non-executive Director	23 April 2014	
Brett Cairns	Chief Executive Officer	22 January 2007	6 December 2021
Paul Lewis	Non-executive Director	20 December 2006	30 September 2021

¹ Following Mr Cairns' resignation on 6 December 2021, Ms Morton was appointed Interim Chief Executive Officer.

2. Principal Activity

The Fund is a registered managed investment scheme domiciled in Australia, with the principal place of business at Level 36, 25 Martin Place, Sydney, New South Wales 2000. MAM is both the Responsible Entity and the Investment Manager of the Fund.

The primary objective of the Fund is to achieve attractive risk-adjusted returns over the medium to long-term. The Fund offers investors an opportunity to invest in a high conviction global equity fund. The Fund invests in companies that have sustainable competitive advantages which translate into returns on capital in excess of their cost of capital for a sustained period of time and endeavours to acquire these companies at discounts to their assessed intrinsic value. The Fund's portfolio comprises 8 to 12 investments with the portfolio weighted towards MAM's highest conviction ideas. The Fund may manage its foreign currency exposure arising from investments in overseas markets (as detailed in the Product Disclosure Statement ("PDS"), issued 23 December 2021).

3. Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Fund during the period.

Responsible Entity's Report

for the half year ended 31 December 2021

4. Review of Financial Results and Operations

4.1. Financial Results for the Period

The performance of the Fund, as represented by the results of its operations for the periods ended 31 December, was as follows:

	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Total net investment income (\$'000)	41,967	20,799
Total expenses (\$'000)	(5,529)	(5,047)
Operating Profit/(Loss) (\$'000)	36,438	15,752

Distributions

Distributions paid and payable for the periods ended 31 December was as follows:

	Class A Units		Class B Units	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Distribution paid and payable (\$'000)	5,907	6,885	2,564	3,211
Distribution paid and payable (CPU) ¹	3.02	2.820	1.84	1.720

¹ Cents Per Unit.

Unit Price

	Class A Units		Class B Units	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Unit price (net asset value) (ex-distribution) (\$)	2.2895	1.9458	1.4061	1.1918
Redemption unit price (ex-distribution) (\$)	2.2879	1.9444	1.4051	1.1910

4.2. Total Indirect Cost Ratio

The Total Indirect Cost Ratio ("ICR") is the ratio of the Fund's actual management costs over the average portfolio value expressed as a percentage. Management costs, accrued within the Fund's unit prices on a daily basis, include management and performance fees but do not include transactional and operational costs such as brokerage or foreign withholding tax.

	Class A Units		Class B Units	
	6 Months to 31 Dec 2021 %	6 Months to 31 Dec 2020 %	6 Months to 31 Dec 2021 %	6 Months to 31 Dec 2020 %
Management fee	0.76	0.75	0.40	0.39
Performance fee ¹	0.08	0.02	0.22	0.06
Total Indirect Cost Ratio	0.84	0.77	0.62	0.45

	Class A Units		Class B Units	
	12 Months to 31 Dec 2021 %	12 Months to 31 Dec 2020 %	12 Months to 31 Dec 2021 %	12 Months to 31 Dec 2020 %
Management fee	1.51	1.50	0.79	0.78
Performance fee ¹	1.07	0.03	1.60	0.09
Total Indirect Cost Ratio	2.58	1.53	2.39	0.87

¹ Performance fees are calculated on six monthly measurement periods ending on 30 June and 31 December of each calendar year. The Performance fees component of the ICR is calculated on an accrual basis for each measurement period.

Responsible Entity's Report

for the half year ended 31 December 2021

4.3. Performance Returns

The performance returns shown in the following table have been calculated using redemption unit prices for the Fund, which are after fees and expenses, assuming reinvestment of distributions. The returns are calculated daily, compounded to produce longer period returns.

	Class A Units		Class B Units	
	6 Months to	6 Months to	6 Months to	6 Months to
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	%	%	%	%
Growth return ¹	4.1	1.1	4.3	1.3
Distribution return ²	1.4	1.4	1.4	1.5
Total Return³	5.5	2.5	5.7	2.8

	Class A Units		Class B Units	
	12 Months to	12 Months to	12 Months to	12 Months to
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	%	%	%	%
Growth return ¹	17.7	(6.7)	18.0	(6.1)
Distribution return ²	3.1	4.3	3.1	4.2
Total Return³	20.8	(2.4)	21.1	(1.9)

¹ The Growth return is calculated daily as a percentage by dividing the unit price (ex-distribution) by the previous day's unit price (ex-distribution) minus 1; the daily Growth returns are then compounded to produce longer period returns

² The Distribution return is calculated as a percentage by subtracting the Growth return from the Total Return

³ The Total Return is calculated daily as a percentage by dividing the unit price (cum-distribution) by the previous day's unit price (ex-distribution) minus 1; the daily Total Returns are then compounded to produce longer period returns.

5. Strategy and Future Outlook

The Fund's investment objective is unchanged. The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Therefore, investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

The Fund provides daily unit prices, monthly fund updates and annual investor reports which can be found in the 'Our Funds' section of the Magellan Financial Group Limited ("MFG") website, www.magellangroup.com.au. Fund updates and investor reports include detailed discussions in relation to some investee companies from time to time along with general outlook commentary.

6. Interests in the Fund

For each unit class of the Fund, the movement in units on issue and the net assets attributable to unitholders are disclosed at Note 4 to the Financial Statements.

7. Likely Developments and Expected Results of Operations

The Fund will continue to invest in companies and businesses in accordance with the investment strategy as set out in the PDS.

The method of operating the Fund is not expected to change in the foreseeable future. However the results of the Fund's operations may be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and past returns should not be used to predict future returns.

Responsible Entity's Report

for the half year ended 31 December 2021

8. Subsequent Events

On 7 February 2022, MAM announced that its Chief Investment Officer and Portfolio Manager of the Fund, Mr Hamish Douglass, was taking a medical leave of absence to prioritise his health following a period of intense pressure and focus on both his professional and personal life. At that time, Mr Chris Mackay was appointed to oversee the portfolio management of the Fund in conjunction with the Fund's co-portfolio manager, Mr Chris Wheldon, with the support of MAM's Investment team.

Net asset value ("NAV") moves as a result of a number of factors including movements in asset prices, exchange rates and unitholder subscriptions and redemptions. Subsequent to balance date, as at 3 March 2022, the relevant positions were as follows:

	Class A Units	Class B Units
NAV per unit (\$)	1.9185	1.1797
Net asset value (\$'000)	356,388	141,816
Units ('000)	185,767	120,215

Other than the above and items disclosed throughout this Responsible Entity's Report, there have been no matters or circumstances arising after the end of the period that have significantly affected, or may significantly affect, the Fund's operations, the results of its operations, or the Fund's state of affairs in future periods.

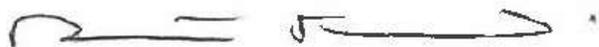
9. Rounding of Amounts

The Fund is of a kind referred to in the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and consequently amounts in the Responsible Entity's Report have been rounded to the nearest thousand dollars in accordance with that Legislative Instrument, or in certain cases, the nearest dollar.

10. Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

This report is made in accordance with a resolution of the Directors of the Responsible Entity.



Robert Fraser

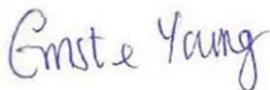
Chairman

Sydney, 7 March 2022

Auditor's Independence Declaration to the Directors of Magellan Asset Management Limited as Responsible Entity for Magellan High Conviction Fund

As lead auditor for the review of the Interim Financial Report of Magellan High Conviction Fund for the interim period ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. no contraventions of any applicable code of professional conduct in relation to the review; and
- c. no non-audit services provided that contravene any applicable code of professional conduct in relation to the review.



Ernst & Young



Clare Sporle
Partner

Sydney, 7 March 2022

Statement of Profit or Loss and Comprehensive Income

for the half year ended 31 December 2021

	Note	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Investment Income			
Dividend and distribution income		1,107	1,328
Interest income		-	4
Net change in fair value of investments		40,263	30,055
Net gain/(loss) on foreign exchange settlements, derivative contracts and cash		597	(10,588)
Total Net Investment Income		41,967	20,799
Expenses			
Management fees		4,345	4,573
Performance fees		791	231
Transaction costs		227	44
Withholding tax on dividends and distributions		166	199
Total Expenses		5,529	5,047
Operating Profit/(Loss)		36,438	15,752
Finance Costs Attributable to Unitholders			
Distributions of income and capital to unitholders	2	(8,471)	(10,096)
(Increase)/decrease in net assets attributable to unitholders	4	(27,967)	(5,656)
Profit/(Loss)		-	-
Other comprehensive income		-	-
Total Comprehensive Income/(Loss)		-	-

The above Statement of Profit or Loss and Comprehensive Income should be read in conjunction with the accompanying Notes to the Financial Statements.

Statement of Financial Position

as at 31 December 2021

	Note	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Assets			
Cash and cash equivalents		34,419	27,049
Receivables		524	1,254
Investments	3	619,054	669,422
Total Assets		653,997	697,725
Liabilities			
Distribution payable	2	8,471	8,998
Payables		1,798	10,247
Total Liabilities		10,269	19,245
Net Assets Attributable to Unitholders - Liability	4	643,728	678,480

The above Statement of Financial Position should be read in conjunction with the accompanying Notes to the Financial Statements.

Statement of Changes in Equity

for the half year ended 31 December 2021

Under Australian Accounting Standards, the Fund's net assets attributable to unitholders are classified as a liability. As a result the Fund has no equity for financial reporting purposes and there were no changes in equity at the start or end of the current or prior periods.

Statement of Cash Flows

for the half year ended 31 December 2021

	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Cash Flows from Operating Activities		
Dividends and distributions received (net of withholding tax)	949	1,116
Interest received	-	5
Management and performance fees paid	(12,071)	(4,647)
Transaction costs paid	(227)	(44)
Net Cash Inflow/(Outflow) from Operating Activities	(11,349)	(3,570)
Cash Flows from Investing Activities		
Purchase of investments	(115,636)	(222,770)
Proceeds from sale of investments	206,505	126,958
Net cash flows from settlement of forward foreign currency contracts	-	5,941
Net foreign exchange gain/(loss)	1,493	(16,075)
Net Cash Inflow/(Outflow) from Investing Activities	92,362	(105,946)
Cash Flows from Financing Activities		
Receipts from issue of units	53,165	120,355
Payments for redemption of units	(118,074)	(76,313)
Distributions paid	(7,592)	(16,359)
Net Cash Inflow/(Outflow) from Financing Activities	(72,501)	27,683
Net Increase/(Decrease) in Cash and Cash Equivalents	8,512	(81,833)
Cash and cash equivalents at the beginning of the period	27,049	155,623
Effect of exchange rate fluctuations on cash and cash equivalents	(1,142)	6,361
Cash and Cash Equivalents at the end of the Period	34,419	80,151

The above Statement of Cash Flows should be read in conjunction with the accompanying Notes to the Financial Statements.

Notes to the Financial Statements

for the half year ended 31 December 2021

Overview

Magellan High Conviction Fund (the "Fund") is a registered managed investment scheme under the *Corporations Act 2001*. In accordance with the Fund's Constitution, it commenced on the date that the first unit was issued, on 28 June 2013. The Fund will terminate on the day immediately preceding the 80th anniversary of the Date of Commencement, unless terminated earlier in accordance with the provisions of the Fund's Constitution.

MAM (ABN 31 120 593 946) is the Responsible Entity of the Fund.

This interim financial report was authorised for issue by the Directors of the Responsible Entity on 7 March 2022. The Directors have the power to amend and reissue this interim financial report.

The Fund is considered a for-profit unit trust for the purpose of this interim financial report.

1. Basis of Preparation

The condensed interim financial report is a general purpose financial report, presented in Australian Dollars, and has been prepared in accordance with AASB 134 *Interim Financial Reporting*, the *Corporations Act 2001*, other mandatory professional reporting requirements and the Fund's Constitution.

The condensed interim financial report does not include all the information and disclosures normally included in the annual financial report. Accordingly, this report should be read in conjunction with the 30 June 2021 Annual Report and any public announcements made during the period.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within 12 months, except for financial assets and liabilities at fair value through profit or loss. These fair value assets and liabilities comprise mainly investments that are managed based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. Consequently, the investments that may be realised within 12 months cannot be determined at balance date.

All amounts in the financial statements are rounded to the nearest thousand dollars (\$'000) or in certain cases, the nearest dollar, unless otherwise stated in accordance with the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*.

1.1. Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The Fund has not early adopted any accounting standard, interpretation or amendment that has been issued but is not yet effective at balance date.

1.2. Critical Accounting Estimates and Judgements

The preparation of the Fund's financial statements requires the Directors to make judgements, estimates and assumptions that affect the amounts reported in the financial statements. The Directors base their judgements and estimates on historical experience and various other factors they believe to be reasonable under the circumstances, but which are inherently uncertain and unpredictable. As a result, actual results could differ from those estimates.

Where listed equities have no active market the Directors determine fair value with reference to external observable information and conditions existing at balance date. Fair values may however move materially with movements in market prices (refer Note 3). As most investments are valued with reference to the listed quoted prices and the Fund's cash is held with strongly rated financial institutions, the Fund's financial assets are not subject to significant judgement or complexity nor are the Fund's liabilities.

Notes to the Financial Statements

for the half year ended 31 December 2021

2. Distributions to Unitholders

Distributions for the periods ended 31 December are as follows:

	Class A Units		Class B Units		Date Paid
	\$'000	CPU	\$'000	CPU	
Period ended 31 December 2021					
Prior year final distribution paid	6,307	2.92	2,691	1.78	21 Jul 2021
Interim distribution payable	5,907	3.02	2,564	1.84	19 Jan 2022

	Class A Units		Class B Units		Date Paid
	\$'000	CPU	\$'000	CPU	
Period ended 31 December 2020					
Prior year final distribution paid	14,721	6.00	5,129	3.50	14 Jul 2020
Interim distribution payable	6,885	2.82	3,211	1.72	15 Jan 2021

A distribution payable is recognised in the Statement of Financial Position where the distribution has been declared but remains unpaid at balance date.

On 5 January 2022, MAM announced the Target Cash Distribution for the six month period ended 30 June 2022 will be 3.15 CPU for Class A Units and 1.92 CPU for Class B Units.

Distribution Reinvestment Plan

The Fund's Distribution Reinvestment Plan ("DRP") was available to eligible unitholders during the period.

Under the terms of the DRP, eligible unitholders are able to elect to reinvest all or part of their cash distributions in additional units in the Fund, free of any brokerage or other transaction costs. Units are issued and/or transferred to DRP participants at a price that is determined by MAM in accordance with the DRP Rules.

Details of the DRP for the interim and final distributions are as follows:

	Class A Units		Class B Units	
	31 Dec 2021 Interim Distribution	30 Jun 2021 Final Distribution	31 Dec 2021 Interim Distribution	30 Jun 2021 Final Distribution
DRP issue price (\$)	2.2895	2.1980	1.4061	1.3474
DRP unitholder participation rate (%)	21.17	19.98	5.62	5.44
Number of units issued under DRP	546,134	573,333	102,530	108,590
Value of units issued under DRP (\$'000)	1,250	1,260	144	146
DRP issue date	1 Jan 2022	1 Jul 2021	1 Jan 2022	1 Jul 2021

	Class A Units		Class B Units	
	31 Dec 2020 Interim Distribution	30 Jun 2020 Final Distribution	31 Dec 2020 Interim Distribution	30 Jun 2020 Final Distribution
DRP issue price (\$)	1.9458	1.9250	1.1918	1.1759
DRP unitholder participation rate (%)	15.40	21.46	2.60	6.52
Number of units issued under DRP	798,409	1,640,457	218,856	283,152
Value of units issued under DRP (\$'000)	1,554	3,158	261	333
DRP issue date	1 Jan 2021	1 Jul 2020	1 Jan 2021	1 Jul 2020

Notes to the Financial Statements

for the half year ended 31 December 2021

3. Investments and Derivatives

The Fund classifies its equity securities and derivatives as financial assets and liabilities at fair value through profit or loss.

The Fund discloses the fair value measurements of financial assets and financial liabilities using a three-level fair value hierarchy to reflect the source of valuation inputs used when determining the fair value as follows:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities. The fair value of these securities is based on the closing price for the security as quoted on the relevant exchange.
- Level 2: valuation techniques using observable inputs either directly (as prices) or indirectly (derived from prices). The fair value of derivatives is based on a discounted cash flow analysis using quoted market inputs (spot and forward rates, volatility) adjusted for specific features of the instruments and applied debit and credit valuation adjustments based on the Fund's, or the derivative counterparties' current credit worthiness.
- Level 3: valuation techniques using non-market observable inputs.

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Investments (Level 1)		
International listed equity securities:		
- United States	527,121	562,973
- Germany	48,328	51,009
- France	43,605	-
- Hong Kong	-	55,440
Total Investments	619,054	669,422

The Fund does not hold any level 3 financial assets or liabilities. There have been no transfers between any of the three levels in the hierarchy during the period and the Fund's policy is to recognise transfers into and out of fair value hierarchy levels as at balance date.

Notes to the Financial Statements

for the half year ended 31 December 2021

4. Net Assets Attributable to Unitholders - Liability

	Class A Units		Class B Units	
	6 Months to 30 Jun 2021	12 Months to 30 Jun 2021	6 Months to 30 Jun 2021	12 Months to 30 Jun 2021
	No. of Units '000	No. of Units '000	No. of Units '000	No. of Units '000
Units on Issue				
Opening balance	216,012	245,358	151,171	146,525
Units issued	8,565	28,954	23,912	103,792
Units issued under DRP	573	2,439	109	502
Units redeemed	(29,555)	(60,739)	(35,852)	(99,648)
Units on Issue at end of the Period	195,595	216,012	139,340	151,171

The Fund has two separate classes of units, Class A and Class B. Each unit within the same class has the same rights as all other units within that class and includes:

- the right to redeem units, subject to restrictions disclosed in the Fund's PDS;
- the right to receive a distribution determined in accordance with the provisions of the Fund's Constitution;
- the right to attend and vote at meetings of unitholders; and
- the right to participate in the termination and winding up of the Fund.

A unit, regardless of class, does not confer upon the holder any interest in any particular asset or investment of the Fund.

	Class A Units		Class B Units	
	6 Months to 31 Dec 2021	12 Months to 30 Jun 2021	6 Months to 31 Dec 2021	12 Months to 30 Jun 2021
	\$'000	\$'000	\$'000	\$'000
Changes in Net Assets Attributable to Unitholders				
Opening balance	474,796	472,303	203,684	172,304
Applications	19,624	59,033	33,517	129,193
Reinvestment of distributions	1,260	4,711	146	594
Redemptions	(67,628)	(123,867)	(49,638)	(126,549)
Increase/(decrease) in net assets attributable to unitholders	19,755	62,616	8,212	28,142
Net Assets Attributable to Unitholders at end of the Period	447,807	474,796	195,921	203,684

The units issued by the Fund are classified as a financial liability in the Statement of Financial Position as the Fund has two classes of units that are differentiated by investment minimums, management and performance fees. As a consequence the two classes of units do not have identical features and meet the definition of financial liability under AASB 132 *Financial Instruments: Presentation*.

Fees are segregated between the unit classes so as not to affect the net asset value of the other unit class in the fund. Distributions will also differ for each unit class and are separately reported.

Applications received for units in the Fund are recorded net of entry fees. Redemptions from the Fund are recorded gross of exit fees. A switch from one class to another class in the Fund is recorded at the full amount of the switch as no entry or exit fees are applied within the fund. The Fund recognises the units issued, redeemed or switched when settled, which is the trade date. Changes in net assets attributable to unitholders are recognised in profit or loss.

5. Contingent Assets, Contingent Liabilities and Commitments

At balance date the Fund has no contingent assets, contingent liabilities or commitments (June 2021: nil).

Notes to the Financial Statements

for the half year ended 31 December 2021

6. Subsequent Events

On 7 February 2022, MAM announced that its Chief Investment Officer and Portfolio Manager of the Fund, Mr Hamish Douglass, was taking a medical leave of absence to prioritise his health following a period of intense pressure and focus on both his professional and personal life. At that time, Mr Chris Mackay was appointed to oversee the portfolio management of the Fund in conjunction with the Fund's co-portfolio manager, Mr Chris Wheldon, with the support of MAM's Investment team.

NAV moves as a result of a number of factors including movements in asset prices, exchange rates and unitholder subscriptions and redemptions. Subsequent to balance date, as at 3 March 2022, the relevant positions were as follows:

	Class A Units	Class B Units
NAV per unit (\$)	1.9185	1.1797
Net asset value (\$'000)	356,388	141,816
Units ('000)	185,767	120,215

Other than the above and items disclosed throughout this interim financial report there have been no matters or circumstances arising after the end of the period that have significantly affected, or may significantly affect, the Fund's operations, the results of its operations, or the Fund's state of affairs in future financial periods.

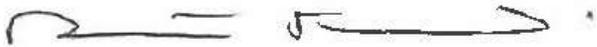
Directors' Declaration

for the half year ended 31 December 2021

In the Directors' opinion,

- a. the financial statements and notes set out on pages 8 to 16 are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the financial position of the Fund as at 31 December 2021 and of its performance as represented by the results of its operations and cash flows for the period ended on that date; and
 - ii. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- b. there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors of the Responsible Entity.



Robert Fraser

Chairman

Sydney, 7 March 2022

Independent auditor's review report to the unitholders of Magellan High Conviction Fund

Conclusion

We have reviewed the accompanying Interim Financial Report of Magellan High Conviction Fund (the Fund), which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and comprehensive income, the statement of changes in equity and the statement of cash flows for the interim period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Interim Financial Report of the Fund is not in accordance with the *Corporations Act 2001*, including:

1. giving a true and fair view of the Fund's financial position as at 31 December 2021 and of its financial performance for the interim period ended on that date; and
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the interim financial report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Annual Financial Report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

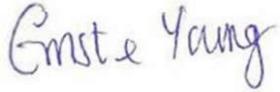
Directors' Responsibility for the Interim Financial Report

The directors of the Responsible Entity are responsible for the preparation of the Interim Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Fund's financial position as at 31 December 2021 and its performance for the interim period ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Ernst & Young



Clare Sporle

Partner

Sydney, 7 March 2022

Corporate Information

Directors

Robert Fraser - Chairman
John Eales AM
Colette Garnsey OAM
Hamish McLennan
Kirsten Morton - Interim Chief Executive Officer and Chief Financial Officer
Karen Phin

Company Secretaries of the Responsible Entity

Marcia Venegas
Mariana Kolaroski

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Auditor

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Unit Registrar

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